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Stone Fruit Annual

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Report Highlights:
EU-28 production of peaches and nectarines in MY 2015/16 is estimated at 4 million MT, 3.7 percent lower compared to the previous harvest due to unfavorable weather conditions with considerable decreases in the main European producers, Spain, Greece and France, while Italian production shows an increase. Total cherry production in MY 2015/16 is projected at 745,900 MT, remaining flat compared with last season, where the important growth in Italy and Greece could compensate the decline that may occur in Spain. In MY 2014/15, despite de Russian embargo, EU-28 exports of peaches and nectarines grew 16 percent while EU exports of fresh cherries decrease 10 percent.

Disclaimer: This report presents the situation and outlook for stone fruit including peaches, nectarines and cherries in the EU-28. The report presents the views of the authors and does not reflect the official view of the U.S. Department of Agriculture (USDA). The data are not official USDA data.

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Abbreviations and definitions used in this report

GTA Global Trade Atlas
Ha hectare; 1 ha = 2.471 acres
HS Codes Harmonized System codes for commodity classification used to calculate trade data.
Peaches and nectarines HS Code 080930
Cherries HS Code 080921, 080929
MT Metric ton = 1,000 kg
MMT Million metric tons
MS EU member state(s)
MY Marketing year: January/December
EU-28: including Croatia

Note: The European Union Member States (MS) are mandated to annually provide the EU Commission with data concerning the "production area" of permanent crops. This means "the area that can potentially be harvested in the reference harvest year. It excludes all non-producing areas, such as new plantations that have not yet started to produce" (Regulation (EC) No 543/2009 of the European Parliament and of the Council of 18 June 2009, Article 2 (f)). In this report this corresponds to the line "Planted Area". Some MS also publish harvested data, but not all of them, and as such in this report the line "Area Harvested" is an FAS Post estimate.

Executive Summary

The main EU-28 producers of **fresh peaches and nectarines** are Italy, Spain, Greece and France. The production area of peaches and nectarines in the EU had stabilized in MY 2014/15 at around 232,438 ha and according to FAS post projections the production area is projected to remain stable in MY 2015/16 with 232,778 ha planted. This is the result of competition between different MS where Spain is gaining ground. It is also the result of productivity gains achieved with the introduction of new and higher

yielding varieties that bring more diversity in the types of fruit and spread in harvest dates. Total Production of peaches and nectarines in MY 2015/16 for the EU-28 is estimated at 4 million MT, 3.7 percent lower compared to the previous season MY 2014/15 due to unfavorable weather conditions with considerable decreases in the main European producers, Spain, Greece and France. In MY 2015/16 fresh consumption of peaches and nectarines is projected to remain flat reaching 2.8 MMT.

The EU's exports of peaches and nectarines were valued at 390 million USD in MY 2014/15, a 9 percent decrease despite16 percent higher volume from the previous year. Despite the Russian ban, EU-28 exports increased in MY 2014/15 by reorienting the markets. The 12 percent decrease of exports to Russia were compensated with an increase of exports to other M.S. and to new markets such as North of Africa as Algeria and Brazil.

The main supplier of peaches to the EU-28 in MY 2014/15 was South Africa. Chile used to be the main supplier of peaches and nectarines to the EU-28 but in MY 2014/15 imports coming from Chile declined 60 percent resulting with South Africa and Morocco as main suppliers to the EU-28. The EU's imports of peaches and nectarines were valued at 78 million USD in MY 2014/15 with 26,066 MT, 18 percent lower than previous year due to the increase in production.
In the first half of 2015 EU-28 imports of peaches and nectarines from Chile have already increased 144 percent, recovering then the normal volumes with 9,781 MT. Due to lower production forecasts in MY 2015/16 imports may increase.
The main EU-28 producers of fresh cherries are Poland, Italy, and Spain. Traditionally Germany was in forth position, but in the last 3 years, Greece and Hungary have surpassed German cherry production. Poland is the EU's largest producer and cherry processor transforming 75 percent of its cherry production. Spain is the biggest exporter due to its early season harvest. Italy is the number one consumer of fresh cherries. According to FAS projections, the updated data of total EU planted area of cherries estimates an area of 154,863 ha that may remain stay stable in MY 2015/16.

Total cherry production in MY 2015/16 is projected at 745,900 MT, remaining flat compared with last season, where the important growth in Italy and Greece could compensate the decline that may occur in Spain. Consumption of fresh cherries in the EU is estimated at 443,023 MT in MY 2015/16, remaining stable.

The EU is a net exporter of cherries but with trade values almost balanced. These are sourced mostly from Turkey, the world's leading cherry producer (Table 6). While the main destinations for the major EU producers are other MS, the most important external destinations are Russia, Switzerland and Belarus.

The EU exports of fresh cherries in MY 2014/15 were valued at 16 million USD, 15 percent decrease from the previous year with 10 percent lower volume, reaching 38,816 Mt. The main destinations for EU-28 cherries in MY 2014/15 were Russia, Belarus and Switzerland. New markets, such as Algeria,

are showing important growths for the second year in a row surpassing Ukraine. Due to the Russian ban, in MY 2014/15 EU-28 exports of cherries to Russia decreased 27 percent reorienting the market by increased exports to Belarus, Moldova, Algeria and Ukraine

Commodities

Fresh Peaches & Nectarines

The main EU-28 producers of peaches and nectarines are Spain, Italy, Greece and France, in this order. There is also limited production in other EU MS, including Hungary, Portugal and Bulgaria and Poland. Italy used to be the EU's the largest producer, but in the last 2 seasons Spain is the biggest producer and exporter due to its early season harvest and yielding varieties. Greece is the leading EU peach processor.

Crop Area

The production area of peaches and nectarines in the EU had stabilized in MY 2014/15 at around 232,438 ha and according to FAS post projections the production area is projected to remain stable in MY 2015/16 with 232,778 ha planted. This is the result of competition between different MS where Spain is gaining ground. It is also the result of productivity gains achieved with the introduction of new and higher yielding varieties that bring more diversity in the types of fruit and spread in harvest dates.

On the other hand, due to its competitiveness, Spain is gaining market share at the expense of other main producers as shown by Spain's increase in planted area. In Spain, the production area is moving southwards to take advantage of an extra-early harvest which is possible with a number of low-chilling varieties. The growing of peach and nectarine trees is concentrated in the regions of Cataluña, Aragón and Murcia, along the Mediterranean arch. Extremadura is another important growing region, mainly for nectarines. Spanish crop area is around 84,000 ha.

Italian crop area is around 74,500 ha. Stone fruit production plays a key role in the agricultural sector of several Italian regions, both in the North (especially in Emilia-Romagna and Piedmont) and in the South (Campania). The bulk of the Italian harvest occurs in June and July.

In Greece, Greek farms are typically up to five hectares, much smaller than the average size in either the EU or the United States. According to industry estimates, there are approximately 47,000 hectares currently cultivated for peaches and nectarines. The main producing areas include four areas (Imathia, Pella, Pieria, Kozani) of Central Macedonia located in northern Greece and Larissa area, in Thessaly, Central Greece. Most of the crop is harvested in June and July.

In France**,** peaches and nectarines orchards continued to shrink due to poor economic conditions combined with losses of trees due to the Sharka disease.

In Hungary, the total harvested area of peaches is about 6,700 hectare. The most of the orchards are in the southern part of the Hungarian Great Plain. The relative number of trees is low (350-500/hectare) and the average age of orchards is 15-24 years on more than 40 percent of the growing areas.

Production

Production of peaches and nectarines in MY 2015/16 for the EU-28 is estimated at 4 million MT, 3.7 percent lower compared to the previous campaign MY 2014/15 due to unfavorable weather conditions with considerable decreases in the main European producers, Spain, Greece and France. Production in the main producing countries is shown in Table 1 below.

Table 1. Major EU Fresh Peach & Nectarine Producers by Volume in MT

Country	MY 2013/14	MY 2014/15	MY 2015/16
Spain	1,329,800	1,686,800	1,587,500
Italy	1,483,578	1,382,137	1,413,000
Greece	577,000	744,500	671,500
France	219,529	234,571	218,400

Source: FAS Europe offices

Spain

Spain has become in the last 2 seasons the largest peach and nectarine producer in EU-28. A growth for both peaches and nectarines production in the country's most important regions, Aragón, Cataluña and Murcia, together with the important increases in Extremadura, Andalusia and Region of Valencia, are the main factor for the higher overall Spanish production of peaches and nectarines. There has been an increase of early and mid-season peaches, mainly due to good flowering and fruit set, as well as the entry into production of new varieties. Spanish stone fruit has an important advantage in terms of quality due to the vast varietal renewal that has taken place in recent years. Newer varieties with more intense flavors and color have been planted.

According to the latest official estimations of the Spanish Ministry of Agriculture, Food and Environment (MAGRAMA), peach and nectarine production in Spain for MY 2015/16 is projected to reach almost 1.6 MMT. This is almost 6 percent lower compared to previous season due to unfavorable weather conditions and the low amount of fruit clearing on the field have resulted in a production with lower fruit yields per tree, but very good quality and calibers. Peach production is forecast at 954,400 MT (1,061,300 MT in MY2014/15), while nectarine production is forecast at 633,100 MT (625,500 MT in MY2014/15).

Italy

Stone fruit production plays a key role in the agricultural sector of several Italian regions, both in the North (especially in Emilia-Romagna and Piedmont) and in the South (Campania). The bulk of the Italian harvest occurs in June and July. Italy's MY2015/16 peach and nectarine production is forecast to slightly increase by 2.2 percent. Peach production is forecast at 579,000 MT (555,237 MT in MY2014/15), while nectarine production is forecast at 760,000 MT (765,064 MT in MY2014/15). Fruit quality is forecast to be good.

Greece

Greece's MY 2015/16 peach and nectarine production is forecast to decrease by 9.8 percent because of unfavorable spring weather conditions. Fresh peaches production is forecast to decrease by 9.7 percent (217,500 MT compared to 240,900 MT in 2014), while nectarines production is forecast to remain flat (84,000 MT compared to 83,600 MT in 2014).

France

France's peaches and nectarines crop is expected to be down 7 percent compared to previous season 17 percent compared to 5 years average due to lower production area despite good weather condition throughout the late spring season.

Hungary

The crop of peaches varied widely and ranged from 16,000 to 60,000 MT over the past five years. After a mild winter, the yield was quite "balanced" in 2014 (49,000 MT) but in 2015 less peaches are expected.

Portugal

In Portugal, the peach and nectarine orchards are mostly located in the inland center region. According to Portuguese official data, peach production in MY 2014/15 reached 41, 053 MT and may remain flat in MY 2015/16. Nectarine production in Portugal is negligible.

Bulgaria

In 2015 due to favorable weather condition production is likely to be restored to its traditional level or higher in select regions, that may reach 37,300 MT of peaches and nectarines. Industry reports exceptional yields by select farmers and regions and further revision upward is possible.

Continued investment and improvement at the production level in the stone fruit sector promise better results in the near future, however, much needs to be done to address numerous challenges the sector faces today in order to meet local demand and produce exportable supplies of fresh produce to the global market.

Poland

In 2015 production of peaches is expected to reach 10,000 MT, 2 percent higher than in the last year. Due to new plantings the peach orchards area increased to 3,000 hectares, 11 percent more in comparison with 2014.

Winter 2014/15 was very mild and there were no losses in the number of peach trees after winter this year. Due to cold spring, lack of soil moisture and strong winds drying the soil, vegetation period started much later than last year. In 2015 flowering and vegetation conditions were very diverse depending on the region of Poland. Relatively low like for spring night temperatures diminished bees' activity. Soil drought in June/July 2015 did not affect stone fruit trees strongly.

Consumption

In MY 2015/16 fresh consumption of peaches and nectarines is projected to remain flat reaching 2.8 MMT. Peaches and nectarines for processing may return to normal levels after the low level reached 2 years ago due to the decrease in production. In addition, in MY 2015/16 withdrawal from market may increase at 40,000 MT, mainly in Spain and Greece. In Spain, withdrawals from market may reach 20,000 MT due to the Russian embargo.

Most Italian and Spanish peaches and nectarines are consumed fresh. Consumers in southern countries generally prefer large, sweet, and pulpy fruits, while the North European markets prefer smaller, slightly sour, and crunchy fruits. Apart from the difficult economic situation and the industry's concern for the increasing complexity of the destination markets, the overall goal is to encourage consumption for a product that is the main summer fruit. Greek nectarine production is destined mainly for the fresh market; freestone peaches are used for fresh consumption, and clingstone peaches are predominantly used in processing. In France, consumption is expected to remain strong due to good weather conditions throughout the late spring and summer. In the last 10 years, annual fruit consumption fluctuated between 37.5 and 48.5 kg/capita in Hungary. Stone fruits (including peaches and nectarines) had a significant share of the domestic consumption. Almost the entire nectarine and peach production is for domestic use and the market is determined by demands.

Trade

The EU is a net exporter of peaches – with exports largely exceeding imports.

Imports

As seen in Table 2 below, the main supplier of peaches to the EU-28 in MY 2014/15 was South Africa. Chile used to be the main supplier of peach and nectarine to the EU-28 but in MY 2014/15 imports coming from Chile declined 60 percent resulting with South Africa and Morocco as main suppliers to the EU-28. More than half of total imports are sourced in the southern hemisphere and are imported during the European off-season. The EU's imports of peaches and nectarines were valued at 78 million USD in MY 2014/15 with 26,066 MT, 18 percent lower than previous year due to the increase in production.

In the first half of 2015 EU-28 imports of peaches and nectarines from Chile have already increased 144 percent, recovering then the normal volumes with 9,781 MT. Due to lower production forecasts in MY 2015/16 imports may increase.

Table 2. EU-28 Imports of Fresh Peaches & Nectarines by Origin in MT

Country of Origin	MY 2012/13	MY 2013/14	MY 2014/15
South Africa	5,917	7,617	8,996
Morocco	4,503	4,940	5,279
Chile	13,470	10,856	4,344
Turkey	1,831	2,483	1,679
Macedonia	1,317	1,514	1,256
Others	5,053	4,554	4,512
Total Imports	**32,091**	**31,964**	**26,066**

Source: GTA

Exports

The EU's exports of peaches and nectarines were valued at 390 million USD in MY 2014/15, a 9 percent decrease despite16 percent higher volume from the previous year. Despite the Russian ban, EU-28 exports increased in MY 2014/15 by reorienting the markets. The main destination for EU-28 peaches continues to be Russia but with a 16 percent decrease from MY 2013/14. (Table 3). The EU's major producers compete for sales within the European market. Thanks to an earlier harvesting period with good quality products, Spain dominates the European market. Spanish total exports in 2014 were 842,656 MT (+11 percent), from which 85 percent of its peach and nectarine exports go mainly to the EU 28. The main destinations are Germany (188,384 MT) and France (123,442 MT). The 12 percent decrease of exports to Russia were compensated with an increase of exports to other M.S. and to new markets such as North of Africa, as Algeria, and Brazil. In 2014, Italy exported 298,442 MT of peaches and nectarines, 19 percent less than 2013. Lower volumes were exported to Germany (-12 percent), the leading destination, representing 44 percent of total exports.

Table 3. EU-28 Exports of Fresh Peaches & Nectarines by Destination in MT

Country of Destination	MY 2012/13	MY 2013/14	MY 2014/15
Russia	197,153	164,892	137,208
Belarus	17,172	28,460	71,090
Ukraine	58,929	29,494	37,845
Switzerland	30,042	29,803	29,181
Algeria	4,834	6,082	13,703
Brazil	10,859	10,440	11,704
Others	47,201	38,338	56,691
Total Exports	**366,190**	**307,509**	**357,422**

Source: GTA

Production, Supply and Demand Data

Table 4. Production, Supply and Demand Data Statistics

Fresh Peaches & Nectarines EU-28	2013	2014	2015
	2013/14	2014/2015	2015/2016
	Market Year Begin: Jan 2013	Market Year Begin: Jan 2014	Market Year Begin: Jan 2015

	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
		Data		Data		Data
Area Planted	222,353	233,230	222,080	232,438		232,778
Area Harvested	205,446	214,957	205,175	214,121		213,110
Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0		0
Total Trees	0	0	0	0		0
Commercial Production	3,577,102	3,693,203	3,957,200	4,140,521		3,986,433
Non-Comm. Production	36,132	37,305	42,800	41,823		40,267
Production	3,613,234	3,730,508	4,000,000	4,182,344		4,026,700
Imports	31,971	31,964	30,000	26,066		28,000
Total Supply	3,645,205	3,762,472	4,030,000	4,208,410		4,054,700
Fresh Dom. Consump.	2,760,874	2,877,435	2,952,000	2,859,259		2,821,900
Exports	307,650	307,509	250,000	357,422		310,000
For Processing	556,681	557,528	794,500	971,729		882,800
Withdrawal From Market	20,000	20,000	33,500	20,000		40,000
Total Distribution	3,645,205	3,762,472	4,030,000	4,208,410		4,054,700

HA, 1,000 TREES, MT

Source: FAS Europe offices

Commodities

Fresh Cherries (Sweet & Sour)

The main EU-28 producers of fresh cherries are Poland, Italy, and Spain. Traditionally Germany was in forth position, but in the last 3 years, Greece and Hungary have surpassed German cherry production (See Table 5). Poland is the EU's largest producer and cherry processor transforming 75 percent of its cherry production. Spain is the biggest exporter due to its early season harvest. Italy is the number one consumer of fresh cherries.

Crop Area

According to FAS projections, the updated data of total EU planted area of cherries estimates an area of 154,863 ha that may remain stay stable in MY 2015/16.

Production

Total cherry production in MY 2015/16 is projected at 745,900 MT, remaining flat compared with last season, where the important growth in Italy and Greece could compensate the decline that may occur in Spain.

Table 5. Major EU Fresh Cherries (Sweet & Sour) Producers by Volume in MT

Country	MY 2013/14	MY 2014/15	MY 2015/16
Poland	235,800	224,600	230,000
Italy	131,175	110,766	131,200
Spain	97,500	108,400	89,300
Greece	60,000	66,600	84,700
Hungary	70,414	83,200	65,000
Germany	37,523	56,922	50,700

Source: FAS Europe offices

Poland

In the EU, Poland is the leader in cherry production, with a one-third share of the total EU cherry production. Cherries are the main stone fruits cultivated in Poland.

In MY 2015/16 total sweet and sour cherries production in Poland is expected to increase in comparison with last year by 2.4 percent. Total production of cherries (tart and sweet) is forecast at 230,000 MT. The total number consists of 180,000 MT sour cherries and 50,000 MT sweet cherries. Smaller harvest 2014 resulted from economic reasons. Due to very low farm gate prices for cherries some farmers did not harvested the crops. In MY 2015/16 farm gate prices are still low but they should make a profit from production. The quality of fruits is lower than in 2014. Due to the low production profitability a lot of orchards were not protected against pests and diseases. Fruits are smaller than last year.

Winter 2014/15 was another very mild winter in Poland. There were no winter losses in the number of cherry trees. Cherry plantations came into the 2015 season in a very good shape. The area planted diminished as some farmers gave up unprofitable production. At the beginning of spring cold, windy and dry weather contributed to lower quality of fruits, especially dessert ones. Lack of soil moisture in late June and July weakened cherry trees immunity against pests and infestation by brown rot.

Italy

Italy's MY 2015/16 cherry production is preliminarily forecast at 131,200 MT. Southern Italy, which accounts for two thirds of the national cherry production, is forecast to register a production increase of 30 percent (especially for early varieties), thanks to ideal weather conditions during fruit set. Calibers are forecast to be smaller than 2014 and quality excellent. *Bigarreau* and *Giorgia* varieties are forecast to increase by 30 percent compared to the poor campaign of 2014. The harvest in Emilia-Romagna is also forecast to be good in terms of both quantity and quality. Production increases are forecast in

Veneto, Piemonte, and Trentino thanks to new orchards entering in regime. Turi (Apulia), Vignola (Emilia- Romagna), Verona (Veneto), and Cuneo (Piedmont) are the main cherry producing areas.
Spain.

According to the Ministry of Agriculture, Food and Environment (MAGRAMA) Spanish cherry production for MY 2015/16 is projected at 89,300 MT, 17.6 percent below the previous year's level due to unfavorable weather conditions. The main cherry producing areas are Extremadura, accounting for over 35 percent of Spain's total, and Aragon, responsible for over 20 percent of Spain's production.

In Spain, cherry harvesting takes place from the end of April through mid-August. The dominant varieties are: *Napoleon*, which is sold fresh and used for jams; *Ambrunesa*, which is a late variety with a crispy consistency and sweet taste; and, *Burlat*, an early harvested variety bearing a thick fruit with red, strong, juicy and sweet pulp. Some new varieties include *Starking*, *Lapins*, *Summit*, *Vittoria*, *Van* (California), *Picota* and *Sandy*. The sour varieties include *Richmond*, *Montmorency*, and *Morello*.

Greece

Greece's MY 2015/16 cherry season is forecast to increase 27.2 percent, thanks to favorable weather conditions during blossom, which enhanced fruit set. Pella and Imathia in Northern Greece are the main producing areas.

Hungary

Cherry crops accounts for about 10 percent of the total fruit production of the country.
In the previous years, tart cherry growing area increased (15,000 hectares), while the yield varied significantly between 50,000 and 85,000 MT.

In MY 2015/16, the estimated volume of tart cherries may decrease 24 percent, reaching 65,000 MT.

Sour cherry is typically produced by family farms in Hungary. The technology and production level varies widely and the average yield is very low: 4-6 MT/hectare. In comparison, the most productive orchards (covering 3,000-4,000 hectares in the country) are able to provide 12-18 MT/hectare yield in a productive year. The main production areas are Bács-Kiskun and Szabolcs-Szatmár-Bereg Counties.

Germany

German total cherry production for MY 2015/16 is estimated at 50,700 MT. This is an 11 percent decrease compared to the excellent production of previous year, and a 5 percent decrease compared to the average of the preceding ten years. However, this masks a different development in the sweet and tart cherry sector. Sweet cherry production is estimated at 33,100 MT, a decrease of 16 percent

compared to last season, while tart/sour cherry production is estimated at 17,600 MT, a marginal increase of 1 percent.

France

France's cherries crop in MY 2015/16 may decline 10 percent reaching 42,400 MT due to late rainfall in early June, and some late frost which damaged the flowers in some regions. Area planted to cherry trees continued to decline as old orchards are no systematically renewed. Producers blame the lack of new disease resistant varieties as well as the high production cost driven by high French labor cost for this decline.

In the main producing regions (southern half of France), there were reports of large pest and fungal infestation, especially Drosophila Suzuki and Moniliosis in several production areas.

Bulgaria

The general prospects for the MY2015/16 season show cherry production to be 13 percent higher than in the previous year reaching 42,000 MT.

Sweet cherries are the second most important fruit after apples, and peaches follow third. In recent years, farmers have increased their investment in cherry orchards and new foreign investment was attracted to cherry processing.

Portugal

In Portugal, the projections point to stable production compared with last year reaching close to 10,600 MT in MY 2015/16.

Consumption

Consumption of fresh cherries in the EU is estimated at 443,023 MT in MY 2015/16, remaining stable. Italy is the biggest consumer of fresh cherries while Poland processes 75 percent of its cherry production. Due to overall good weather conditions, cherries for processing may diminish 6 percent in MY 2015/16.

Sweet cherry is a seasonal fruit consumed as fresh and unprocessed. Sour cherry is utilized principally by the processing industry. The main sour cherry products are frozen fruits, juice concentrates and jams

or marmalade. In countries such as Spain, Portugal, France, Italy and Greece, domestic consumption is almost exclusively for fresh use, with minor amounts bought by the brining and processing industry.

In Germany, cherries are considered a seasonal product and stocked in supermarkets mainly during the German marketing season (July/August). This explains the lower per capita consumption of cherries (2 kg). The use of tart cherries for processing is relatively stable and roughly amounts to 75-90% of the German domestic production. The majority of tart cherries are used for canning (over 80 %), while the remainder finds its way into juice production. The percentage of sweet cherries used for processing fluctuates between 20 and 50 percent depending on the weather during harvest.

In Hungary, average per capita fruit consumption is under the EU-28 average. The majority of cherries harvested are destined for fresh exports and the processing industry.

Trade

The EU is a net exporter of cherries but with trade values almost balanced. These are sourced mostly from Turkey, the world's leading cherry producer (Table 6). While the main destinations for the major EU producers are other MS, the most important external destinations are Russia, Switzerland and Belarus.

Imports

The EU imports of fresh cherries were valued at 172 million USD in MY 2014/15, a 4.33 percent decrease from the previous year with a total volume of almost 42,331 MT or almost 15 percent lower than previous year. According to GTA, the EU-28 imported 2,155 MT of cherries from the United States in MY 2014/15, a rise of 52 percent. These were valued at 13 million US Dollars, 30 percent above MY 2013/14.

France has a large trade deficit in cherries, the bulk of imports coming from EU-28 countries (mainly Germany and Spain). The United States is the third largest supplier of cherries to France, after Turkey and Chile. France imports U.S. Cherries in July, August and September when the domestic/EU supply weakens. Those cherries are imported fresh by air cargo and are often purchased by restaurants.

Germany is the third largest importer of cherries in the world, after Russia and China. German imports vary between 45,000 and 70,000 MT of cherries annually; the majority originates from other EU MS, mainly Austria, Spain, and Italy for sweet cherries and Hungary, Poland, and the Czech Republic for tart cherries. Largest non-EU suppliers are Turkey for sweet cherries and Serbia for tart cherries. Separate customs codes for sweet and tart cherries were only introduced in 2012. Since then Turkey has increased its market share in German sweet cherry imports from 3 to 13 %. For 2015, imports are

forecast to remain flat despite the lower domestic production, as the major tart cherry supplier to Germany, Poland, Serbia, and Hungary, all report a lower production.

In MY 2014/15 In 2014, Italy imported 10,698 MT of cherries, mainly from Spain (5,105 MT), Turkey (1,937 MT), and Austria (1,053 MT) while Spain imported only 1,368 MT, thus 37 percent higher than previous year, mainly from Chile and Argentina.

Table 6. EU-28 Imports of Fresh Cherries (Sweet & Sour) by Origin in MT

Country of Origin	MY 2012/13	MY 2013/14	MY 2014/15
Turkey	28,948	26,864	25,293
Serbia	5,368	15,510	6,833
Chile	4,998	3,089	4,945
United States	4,984	1,420	2,155
Canada	1,190	466	1,050
Argentina	834	519	691
Macedonia	541	746	635
Others	437	1,065	729
Total Imports	**47,300**	**49,679**	**42,331**

Source: GTA

Exports

The EU exports of fresh cherries in MY 2014/15 were valued at 16 million USD, 15 percent decrease from the previous year with 10 percent lower volume, reaching 38,816 Mt. The main destinations for EU-28 cherries in MY 2014/15 were Russia, Belarus and Switzerland. New markets, such as Algeria, are showing important growths for the second year in a row surpassing Ukraine. Ukraine was traditionally the fifth destination of European cherries. Due to the Russian ban, in MY 2014/15 EU-28 exports of cherries to Russia decreased 27 percent reorienting the market by increased exports to Belarus, Moldova, Algeria and Ukraine.

Poland's total export in MY 2014/15 of fresh dessert cherries was 42 percent lower than previous year. In MY 2014/15 fresh sweet and sour cherries fruit exports amounted to 12,500 MT, valued at US $14.3 million. Lower harvest of fruits and strong competition from markets like Turkey, Serbia and Hungary diminished the volume of Polish sour cherry export. Germany is the main export destination for sour cherries, capturing 45 percent of Poland's sour cherries external sales. Russian ban affected Poland's sweet cherry producers and exporters. Russia was the main importer of Polish fresh sweet cherries, capturing over 70 percent share in volume, followed by Belarus (14 percent). For 2015 it is forecasted

that Poland's sour cherry export will come to the level prior to 2014. Sweet cherry exports volume will need switch in sales destinations.
Italy and Spain are mainly focused in the intra EU market. In MY 2014/15, Italy exported 10,419 MT of cherries, mainly to Germany (4,686 MT) while Spain exported 38,057 MT mainly to United Kingdom, Italy, Germany and France. Spain increased cherry exports to new markets such as Algeria and Hong Kong.

Germany exports less than 10 percent of its total cherry supply: 5,000 to 9,000 MT in recent years. Main destinations are other EU MS such as Austria, Belgium, France, and the United Kingdom. The largest destination outside of the EU is Switzerland.

In 2014, about 68,000 MT of tart cherries was exported from which 56 percent were canned fruit 34 percent were fresh cherries and about 10 percent of frozen form mainly to Germany.
Hungary was the biggest canned cherry exporter in the EU market over the last two years (35,000-37,000 MT/year). Its preserved sour and sweet cherry exports increased by 7 percent, up to 38,500 MT in 2014. The exports also grew by 3 percent in the first four months of this year; but the sales at the biggest consumer market, in Germany was less by 9 percent.

The export of fresh sour cherries to Russia showed a steady increase in previous years too.
Frozen tart cherry exports grew to by 5.73 percent in 2014 of which 72 percent were exported to Germany and Poland. The export volume of frozen tart cherries went up in the first three months of 2015, as well.

Table 7. EU-28 Exports of Fresh Cherries (Sweet & Sour) by Destination in MT

Country of Destination	MY 2012/13	MY 2013/14	MY 2014/15
Russia	21,866	30,868	22,528
Belarus	1,517	4,160	6,700
Switzerland	2,832	3,411	3,578
Moldova	1,465	1,501	2,049
Algeria	467	951	1,353
Others	2,202	2,273	2,608
Total Exports	**30,349**	**43,164**	**38,816**

Source: GTA

Production, Supply and Demand Data

Table 8. Production, Supply and Demand Data Statistics

Fresh Cherries,(Sweet&Sour)	2013	2014	2015

EU-28	2013/14		2014/15		2015/16	
	Market Year Begin: Jan 2013		Market Year Begin: Jan 2014		Market Year Begin: Jan 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
		Data		Data		Data
Area Planted	162,489	158,604	161,822	154,863		154,120
Area Harvested	159,096	153,969	158,487	151,428		150,362
Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0		0
Total Trees	0	0	0	0		0
Commercial Production	664,284	687,440	642,485	708,146	0	708,605
Non-Comm. Production	34,962	36,181	32,515	37,271	0	37,295
Production	699,246	723,621	675,000	745,417		745,900
Imports	49,700	49,679	45,000	42,331		40,000
Total Supply	748,946	773,300	720,000	787,748	0	785,900
Fresh Dom. Consump.	429,152	401,358	430,000	426,208		443,023
Exports	43,155	43,164	30,000	38,816		40,000
For Processing	276,639	328,478	260,000	324,212		302,557
Withdrawal From Market	0	300	0	300		300
Total Distribution	748,946	773,300	720,000	789,536	0	785,880

HA, 1,000 TREES, MT

Source: FAS Europe offices

Policy

Stone fruit falls under the EU fruit and vegetables regime and is part of the Common Agriculture Policy (CAP). The following section explains the main elements of the EU fruit and vegetables policy that refer to the stone fruit sector, The second part explains the EU measures that were taken in response to the Russian embargo.

EU Policy Related to Stone Fruit

1. The New Common Agriculture Policy (CAP) Reform

The single Common Market Organization (CMO) provides a framework for market measures under the CAP, which is outlined in Regulation(EU) No 1308/2013, and entered into force on January 1, 2014. The CAP 2020 reform consists of four basic regulations, supplemented by delegated acts. Commission Delegated Regulation (EU) No 499/2014, which entered into force on May 16, 2014, amended the implementing rules for the fresh and processed fruit and vegetables sectors (Commission implementing Regulation (EU) No 543/2011).

These market measures aim to:

a) Create a more competitive and market-oriented sector

Producer Organizations (POs) are still the key elements in the EU's CMO for fruit and vegetables. POs are legal entities established by producers to market commodities, including stone fruit. EU subsidies are not paid to individual producers but are channeled through POs. In order to qualify for EU subsidies, a PO must submit an operational program financed through an operational fund. The EU's financial contribution is paid directly into each PO's operational fund. The calculation of the estimated amount of the operational fund is based on the operational program and the value of the marketed production. As of January 20, 2014, operational programs are approved under the Regulation (EU) No 1308/2013. Commission Delegated Regulation 499/2014 introduced new elements regarding the operational programs and clarified the criteria with which the POs must comply in order to be eligible for EU funding. It also introduced a sanction mechanism in the case of non-compliance.

Fresh fruit and vegetable imports into the EU are checked for compliance with EU-harmonized marketing standards. These standards apply at all marketing stages and include criteria such as quality, size, labeling, packaging, and presentation. Commission implementing Regulation (EU) No 543/2011 provides for a general marketing standard for all fresh fruits and vegetables. Specific marketing standards are still in place for ten products, including peaches and nectarines, and are set out in Part B of Annex I on page 86 (section 5).

b) Diminish crisis-related fluctuations in producers' income

To achieve this objective, EU funding is offered under the operational programs for:

- Product withdrawal
- Green harvesting/non-harvesting;
- Promotion/communication tools;
- Training measures;
- Harvest insurance;
- Assistance to secure bank loans, and support for administrative costs associated with setting up mutual funds.

National authorities must determine, in their national strategies, which of these instruments can be funded in their countries. POs may take out loans on commercial terms to finance crisis prevention and management measures. The repayment of the capital and the interest on those loans may be eligible for financial assistance under the operational programs of POs.

c) Encourage increased consumption of fruit and vegetables in the EU

The European "School Fruit Scheme" (SFS) originated as a measure to combat child obesity and includes three elements: free distribution of fruit and vegetables in schools, information campaigns on healthy eating habits, and monitoring and evaluation. As in previous years, the EU funds of $164 million (€150 million) will be allocated in the school year 2015/2016 to 25 Member States that have decided to participate in the program - with Sweden, Finland and United Kingdom opting out. Established in 2009, the scheme is aimed at reversing the trend of declining fruit and vegetables consumption by specifically addressing children.

On January 30, 2014, the Commission presented a proposal to bring the SFS and the "School Milk Scheme" together under a joint framework and is expected to be adopted in the next couple of months and to take effect in 2016. For more information: http://ec.europa.eu/agriculture/school-scheme/legislative-proposal/index_en.htm

The sector may also benefit from the European promotion budget for agricultural products and quality schemes. The Commission reformed its promotion policy with an extension of the product scope and a greater focus on export markets. The promotion budget will increase gradually from $76 million (€60 m) to $255 million (€200 m) annually until 2020. National co-funding will no longer be needed and EU associations will be able to apply directly for a program.

d) Increase the use of environmentally friendly cultivation and production techniques

At least 10 percent of operational program funding must be spent on environmental actions that go beyond mandatory environmental standards. MS with recognized POs must draw up a National Framework for Environmental Action (NEF) as part of their "national strategy for sustainable operational program." The NEF must contain a non-exhaustive list of environmental actions and the conditions applicable to them in the MS concerned.

For information on the CAP after 2014, please see: http://ec.europa.eu/agriculture/cap-post-2013/index_en.htm

Certification of Fruit Shipments

Plant products need a phytosanitary certificate to be exported to the EU. Phytosanitary certificates issued by a USDA/Animal Plant Health Inspection Service (APHIS) inspector are required to accompany fruit, vegetable, and nut shipments. APHIS issues phytosanitary certificates in accordance with international regulations established by the International Plant Protection Convention of the Food and Agriculture Organization of the United Nations. This standard-setting body coordinates cooperation between nations to control plant and plant product pests and to prevent their spread.

Council Directive 2000/29/EC contains provisions concerning compulsory plant health checks. This includes documentary, identity, and physical plant health checks to verify compliance with EU import

requirements. More information can be accessed on DG Health and Consumer Protection's website http://ec.europa.eu/food/plant/organisms/imports/inspection_en.htm.

Commission Regulation 1756/2004 provides for plant health checks to be carried out at reduced frequency when justified. The list of products recommended for plant health checks at reduced levels was issued on September 30, 2014. On an annual basis, the Commission monitors imports of fruit and vegetables to determine how to adjust the frequency of testing consignments.

Maximum Residue Levels for Fruit

Maximum Residue Levels (MRLs) for pesticides, including import tolerances, have been harmonized throughout the EU since September 2008. As a marketing tool, some retail chains in the EU adopt private standards that exceed EU regulations by requiring their suppliers to adhere to stricter company policies that limit the maximum residues to 30, 50, or 70 percent of the respective EU MRL. Please find the link to the EU MRL database, as well as to the International MRL database developed by USDA for MRLs worldwide.

Tariffs

EU imports of fresh fruit and vegetables are subject to the Entry Price System (EPS) which has been in place in its current form since the Uruguay Round. It is a complex tariff system that provides a high level of protection to EU producers. In this system fruits and vegetables imported at or above an established entry price are charged an ad valorem duty only. Produce valued below the entry price are charged a tariff equivalent in addition to the ad valorem duty. The tariff equivalent is graduated for products valued between 92 and 100 percent of the entry price. The ad valorem duty and the full tariff equivalent are levied on imports valued at less than 92 percent of the entry price.

Commission Delegated Regulation (EU) No 499/2014 has introduced provisions on the entry price system, which aligns the clearance of goods that are subject to the entry price to the Custom Code. These provisions, applicable since October 1, 2014, introduced a flat rate, which is the standard import value, to clear customs when products are sold on consignment.

Tariff levels for 2015 are published in Commission Implementing Regulation 1101/2014. The tariffs for stone fruit remain unchanged compared to the levels of 2014 and can be found on page 97 for cherries, peaches and nectarines. The United States tends to sell high quality products at higher prices which typically do not face additional duties.

Russian ban on agricultural products

On August 7, 2014, the Russian government implemented a ban for one year on a range of agricultural and food products, including apples and pears and table grapes, from the United States, the European Union (EU), Canada, Australia and Norway, in response to U.S. and EU sanctions over Russian actions in Ukraine. This ban has a significant effect for agricultural markets in Europe as Russia is the EU's second largest market for food and drinks, purchasing 28 percent of EU fruit exports and 21.5 percent of EU vegetable exports in 2011.

The CMO rules (see Regulation 1308/2013 in part I) provides various market management tools to stabilize markets, which are programmed or can be introduced by the Commission through "implementing acts", voted by MS in the single CMO Committee. However, the Commission is also empowered under the reformed CAP to take "exceptional measures" in case of market disruption without having to consult with MS first. This "Article 219" procedure was used to introduce specific market support measures for peaches and nectarines ($41.7 million/€33 m). These rules for temporary support measures were granted to POs in the fruit and vegetables sector, as well as to producers who are not members of such organizations and covered withdrawal, non-harvesting and green harvesting operations. Some aid was allocated to additional promotion activities.

On July 30, 2015, the European Commission (EC) announced that market support measures for the European dairy, fruit and vegetables sectors will be extended into 2016, as Russia announced the extension of its ban on food imports for six months starting in early August 2015. Quantities will be allocated to the Member States (MS) that have exported significant quantities to Russia over the past three years. Besides this, an additional quantity not exceeding 3,000 tons may be withdrawn from the market in all MS in order to further stabilize the market. These measures, covering the main groups of fruit and vegetables (including peaches and nectarines) affected by the Russia ban, are expected to be published anytime now and will extend the measures that ended on June 30, 2015, until June 30, 2016.

More information on the Commission's response to the Russian ban can be found here:
http://ec.europa.eu/agriculture/russian-import-ban/index_en.htm

Trade Shows

Trade shows in Europe offer excellent opportunities for U.S. exporters to meet potential clients or business partners from EU countries and other continents. The most important trade shows related to the fruit and vegetable sectors are:

Fruit Logistica

Fruit Logistica Berlin, Germany (Interval: yearly) Target Market: Germany/EU/Central & Eastern Europe Good venue for exhibiting fresh and dried fruit, nuts and related products http://www.fruitlogistica.de	Next Fair: February 03-05, 2016

Fruit Logistica is one of the most important trade shows for fresh and dried fruits in Europe. The next show will take place on **February 3-5, 2016.** More than 2,400 companies from across the entire fresh produce value chain will participate, including major global players as well as small and medium-sized suppliers from around the world.

Bio Fach

Bio Fach Nuremberg, Germany (Interval: yearly) Target Market: Germany/Europe The leading European trade show for organic food and non-food products http://www.biofach.de	Next Fair: February 10-13, 2016

Bio Fach is one of the most important trade shows for organic products in Europe. The next show will take place on **February 10-13, 2016.**